CO-OPERATION: A NEW DIRECTION PROPOSED

The purpose of this paper is to detail the Victorian Government's response to the report of the Ministerial Advisory Committee on Co-operation, The Co-operative Way: Victoria's Third Sector. The paper is in three parts.

PART I : An Overview
PART II : Recommendations and Responses
PART III : A New Co-operative Act

PART I : AN OVERVIEW

The MACC Report addressed two key issues - co-operative legislation and co-operative development. The Government accepts MACC's view that the co-operative movement in Victoria is in need of revitalisation (P.62).

CO-OPERATIVE LEGISLATION

The Government accepts the view of the MACC Report that a Co-operation Act should project a coherent sense of co-operative philosophy and principles which allows for diversity in practice (P.86). It also accepts MACC's criticism of the Co-operation Act 1981 as being paternalistic, overly-regulative and inconsistent with co-operative philosophy and principles. It is proposed, therefore, to prepare a new Co-operative Act to achieve the following objectives:

> Promote co-operative philosophy, principles and practice, Protect the interests of co-operative members, and Protect the interests of the public.

CO-OPERATIVE DEVELOPMENT

The Government is committed to a new revitalised co-operative movement. The proposals paper has been circulated for consultation and a draft bill will be prepared taking into account comments received. There will be further consultation on the draft bill.

The Government also recognises the need for further development of the work of MACC in: co-operative education and training, the financing of co-operatives; and in identifying the relevance of co-operatives to the economic and social justice strategies.

The MACC Report recommended the establishment of a Victorian Co-operatives Council. The Council is included in the proposed new legislation. Until the establishment of a V.C.C., the Government will continue to be advised by the Ministerial Advisory Committee on Co-operation.

The Government can play an important role in the revitalisation of the co-operative movement but the impetus for change must continue to come from the co-operative movement itself.

CO-OPERATIVE DEVELOPMENT INITIATIVES

The Government is committed to implementing a number of initiatives; resource-based initiatives and policy-based initiatives.

RESOURCE BASED INITIATIVES

Three resource-based initiatives have been identified

Co-operative information
Co-operative education and training
Co-operative advocacy.

Co-operative Information

A co-operative information strategy is to be developed by the Co-operative Development Unit in conjunction with MACC and other organisations concerned with co-operative education and employment such as the Employment Unit at V.C.O.S.S. The strategy will identify target groups, areas and channels for the dissemination of information about co-operatives. Co-operative information bases will be established. These bases will be distribution points for material prepared by the Unit.

Aboriginals have already been identified as a co-operative information target group in the Government's Social Justice Strategy. Co-operative information channels will include a newsletter, co-operative case studies, co-operative bibliographies, and other elements of an information package.

The eventual need for a co-operative information Data Base (CIDB) is under consideration. The feasibility of the Data Base base will be examined with MACC co-operative peak organisations and other organisations such as the employment unit at V.C.O.S.S.

These initiatives will complement and not compete with the co-operative information strategies of the co-operative movement.

Co-operative Education and Training

The MACC Report has developed a comprehensive co-operative education and training strategy - building on the commissioned work of Brian Greer and Geoffrey Meredith, Democracy through Education.

It is accepted that co-operative education and training is critical to the development of a successful co-operative movement (R40 P.102). In the short term, therefore, a co-operative education and training strategy is to be developed by the Co-operative Development Unit with MACC. The ingredients of this strategy will include:

(a) Introductory Co-operative Education and Training workshops in conjunction with the Co-operative Education Unit at Preston TAFE. The immediate priority is workshops for actual and intending aboriginal co-operatives.

(b) Discussions with the Office of the State Training Board on co-operative education and training in post-secondary education.

(c) Discussions with the Education Department on co-operative education and training in primary and secondary schools.

(d) Liaison with peak co-operative organisations and co-operatives.

(e) Discussions with the Department of Industry Technology and Resources and other key government agencies providing functions or services relevant to co-operative education and training.

Co-operative Advocacy

The role of the Co-operative Development Unit will include co-ordinating co-operative development initiatives of the government, advising government departments on the development needs of co-operatives and advocating the inclusion of co-operative development within government policies and programs. This advocacy work will include identifying and articulating the possibilities for developing co-operatives. Examples of this would include the conversion of a company into a co-operative and small traders forming a marketing or distribution co-operative.

POLICY-BASED INITIATIVES

The MACC Report has presented a series of recommendations on co-operative development including the financing of co-operatives and the relationship between co-operatives and the government's economic and social justice strategies. Co-operatives have a potential relevance to the Government's economic and social justice strategies. The MACC Report however, did not substantiate this potential.

Policy-based initiatives which clarify the relevance of co-operation to the government's economic and social justice strategies were identified in the MACC Report.

The government has identified a further three policy based initiatives.

Co-operatives and local government.

Co-operatives and Aborigines.

Co-operatives and disability.

Co-operatives and women.

Co-operatives and the social and community services sector.

Financing of co-operatives.

Trade unions and co-operatives.

Co-operatives and local government

While the MACC Report did not specifically address the relationship between co-operatives and local government, the co-operative development experience of Italy and the U.K. is that local government has been critical to the development of co-operatives.

It is proposed, therefore, to commence work with local government authorities in developing co-operative information and co-operative education and training strategies within municipalities.

Co-operatives and Aborigines

Aboriginal co-operatives have been given priority in the area of co-operative development and many of the co-operatives are now developing business plans and initiatives. The Co-operative Development Unit will actively liaise and participate with aboriginal organisations and relevant departments and agencies to promote and facilitate these developments.

Co-operatives and Disability

The MACC Report suggested there was considerable potential to develop co-operatives for people with disabilities.

It is accepted that co-operatives could provide supported or competitive employment opportunities for people with intellectual, physical, sensory and psychiatric disabilities. In particular, the Victorian Government has commenced the development of a 10 year plan for the redevelopment of intellectual disability services. This 10 year plan will shortly be available. The Co-operative Development Unit will discuss with the Office of Intellectual Disability Services, the Office of Psychiatric Services, V.A.R.C. and T.A.C. the potential to develop co-operatives - and specifically appropriate co-operative information, education and training strategies.

Co-operatives and women

The Government has been encouraging the development of women's business through the Victorian Women's Trust Guaranteed Loan Fund Program. More recently, a Women's Business Adviser has been appointed to the Small Business Development Corporation. The Women's Trust is succeeding in promoting and accelerating the access of business women into the banking and business community.

While the MACC Report did not specifically address the issue of women and co-operatives, there is a need to ensure that women are sufficiently aware of the co-operative option. The Co-operative Development Unit will be making representations, therefore to the Women's Trust on how co-operative information and education and training strategies can be effectively targetted on women.

Co-operation and the social and community services sector

The social and community services sector encompasses health, welfare and education provision. The sector is undergoing rapid change and employment growth. The sector is already represented by child care and education co-operatives. There is considerable scope for the further development of co-operatives - including worker, food and health co-operatives.

It is proposed, therefore, that the Co-operative Development Unit will liaise with the Victorian Council of Social Service and Community Services Victoria on how co-operative information and education and training strategies can be effectively developed in the social and community services sector.

Financing of co-operatives

MACC's view on the financing of co-operatives are preliminary. More work needs to be undertaken on the experience of co-operatives receiving government guaranteed loans, the role of credit co-operatives in co-operative development, the Women's Trust Loan Guarantee fund and the financing of co-operatives in New South Wales. The role and experience of credit unions also needs to be utilised. Credit co-operatives in Victoria are already demonstrating their capacity to service the development needs of other co-operatives. Furthermore, if the Commonwealth Government adopts the recommendations of the National Advisory Group on local Employment Initiatives, this could introduce a new source of financing for co-operatives.

Discussions are being initiated with the Department of Industry, Technology and Resources to determine the previous and continuing eligibility of co-operatives for financial assistance, the accessibility of this financial assistance to co-operatives and whether special measures are necessary to facilitate this access to assistance. The Victorian Credit Co-operative Association will be invited to participate in these discussions.

MACC's proposals for the funding of co-operative sector associations and, in particular, food and worker co-operative development need further development.

Trade Unions and co-operatives

The development of co-operatives is not necessarily inconsistent with the interests and priorities of trade unions. The MACC Report recommended that the T.H.C. be

approached to discuss its views on co-operative development. There remains considerable scope for the conversion of existing viable small business enterprises into co-operatives based on award wages and working conditions.

Experience of overseas countries with strong trade union traditions shows that the development of co-operatives can be consistent with trade union interests.

It is proposed to develop a information package on Co-operatives and Trade Unions. The information package (Co-operatives and Trade Unions - The Unionist) will aim to encourage trade unions to consider the benefits of co-operatives and will assist informed discussion within the Trade Union movement.

PART II

THE MACC REPORTS RECOMMENDATIONS AND THE GOVERNMENT'S RESPONSE

RECOMMENDATIONS	RECOMMENDATIONS GOVERNMENT RESPONSE
GOVERNMENT ROLE	
Policies	
RECOMMENDATION 1 (P.65)	
The Government should provide a clear statement of support for co-operative development, including the basis on which it will encourage the development of co-operatives and co-operation.	This paper and the proposed new co-operatives Act constitute a clear statement of support for co-operatives. The Government is committed to encouraging the development of co-operatives and co-operation.
RECOMMENDATION 2 (P.65)	
In providing support to co-operative development where it is consistent with the Government's programs and priorities, the Government should: (a) Assist co-operative development in a manner which is consistent with co-operative principles and practice; (b) Recognise that co-operatives are organisations whose autonomy and democratic management are critical to their success and that government support should not subvert that autonomy.	The Government accepts that support for co-operatives should be consistent with co-operative principles and practice and that their autonomy should be supported. This direction is evidenced by the content of the proposals paper.
RECOMMENDATION 3 (P.65)	
Co-operatives should be accountable for support provided by government.	It is agreed that co-operatives should be accountable for support provided by government.
Strategies	
RECOMMENDATION 4 (P.66)	
The economic potential of co-operatives should be recognised and developed in the Economic Strategy by the Government with the assistance of the proposed Victorian Co-operatives Council.	While agreeing that co-operatives have economic potential, the specific scope and relevance of this potential to the Government's economic strategy will be examined further.

RECOMMENDATION 5 (P.67)	
Consultative mechanisms between government and the co-operative sector should include regular access by sector associations.	Consultation between the Government and the co-operative movement will be facilitated through the proposed Victorian Co-operatives Council.
RECOMMENDATION 6 (P.68)	
The Government should ensure that in drafting legislation and regulations, preparing policies and program guidelines and in all its areas of operation, there is no discrimination or barriers obstructing the participation of co-operatives.	It is agreed that legislation and regulation, policies and program guidelines should not discriminate against co-operatives.
RECOMMENDATION 7 (P.69)	
In the development of the Government's Social Justice Strategy, the potential for using co-operatives as a major vehicle for the implementation of the Strategy should be further explored and the proposed Office of Co-operatives and Victorian Co-operatives Council should be invited to contribute to the Strategy.	The issue of the relevance of co-operatives to the government's Social Justice Strategy will be examined further.
RECOMMENDATION 8	
(a) The Victorian Co-operatives Council should advise the Government on the types of co-operatives it should assist, and the Government should determine the types, degree and method of assistance at an early date. (b) Grant funding of individual co-operatives by government should be of a short term nature with the provision of loans in the long term being made available, particularly in relation to venture capital.	The role of the Victorian Co-operatives Council is outlined in the Proposals Papers for a General Co-operative Bill.

ORGANISATION

Policies

RECOMMENDATION 9 (p.72)

Prime responsibility for co-operative development should lie with co-operatives themselves in conjunction with their sector associations.

It is agreed that while the Government can play an important role prime responsibility for co-operative development must come from the Co-operative movement itself.

RECOMMENDATION 10 (p.72)

The Government should provide seeding grants to establish various sector associations as the basis for co-operative development in Victoria.

This recommendation will be kept under review.

RECOMMENDATION 11 (P.73)

In order to promote co-operation among co-operatives, the development of a single, peak association per sector should be encouraged.

The question of single, peak associations per sector is a matter for co-operatives to determine - rather than the Government.

RECOMMENDATION 12 (P.74)

Development agencies proposed for co-operative sectors should be managed by sector associations.

The management of any development agencies is a matter for the co-operative movement to determine.

RECOMMENDATION 13 (P.75)

The Government should liaise directly with peak associations, including the Co-operative Federation of Victoria.

The Government will continue to liaise directly with peak associations such as the Victorian Credit Co-operatives Association.

RECOMMENDATION 14 (P.75)

A new consultative mechanism between the government and the co-operative movement should be established. Known as the Victorian Co-operatives Council (VCC), it should advise the Minister responsible for co-operatives on all matters relating to the co-operative movement as a whole.

The Victorian Co-operatives Council has been incorporated in the proposed new Co-operatives Act.

RECOMMENDATION 15 (P.76)

(a) There should be a separate Ministerial portfolio (but not necessarily a separate Minister) for co-operatives.

(a) The Government cannot at this time, establish a separate Ministerial portfolio for co-operatives.

(b) The present Registry and other areas of co-operative administration should be consolidated within and Office of Co-operatives. The Registrar should be replaced with a Director of Co-operatives.

(b) The Registry and other areas of co-operative administration have been consolidated within the Corporate Affairs Office. It is not proposed to replace the registrar in the new Co-operatives Act.

(c) The Research and Policy Branch of the Registry of Co-operatives and the Co-operative Development Unit of the Department of Labour should be replaced by a Co-operative Development Section within the Office of Co-operatives which would co-ordinate all government development concerning co-operatives and provide secretarial support to the Victorian Co-operatives Council.

(c) The Government has established a Co-operative Development Unit to co-ordinate government development concerning co-operatives and to provide secretarial support to the proposed Victorian Co-operatives Council.

Strategies

RECOMMENDATION 16 (P.78)

(a) Formation of the following sector associations should be encouraged by the Victorian Co-operatives Council and through the provision of short term, government grants:

- Producer co-operatives;
- Trading co-operatives;
- Rental housing co-operatives under the auspice of the Common Equity Rental Co-operatives Sub-Committee;
- Community settlement co-operatives;
- Worker co-operatives under the auspice of the Worker Co-operative Working Party;
- Food co-operatives under the auspice of the Victorian Food Co-operative Study Group;
- Community-based, child care centres under the auspice of Community Child Care;
- Aboriginal co-operatives.

(b) Until such time as effective producer and trading sector associations are established, the Co-operative Federation of Victoria should continue to represent their sector interests.

The Government is not in a position to determine which sector associations should be encouraged. The role of the Victorian Co-operatives Council will be determined when the Council is established.

RECOMMENDATION 17 (P.79)	
(a) There should be only one association officially registered under the Act for each co-operative sector, unless another group of co-operatives can justify its registration on the grounds that it represents substantially different interests. Registration should be determined by the Director of Co-operatives in consultation with the Victorian Co-operative Council.	(a) The proposals paper allows for co-operative associations to be formed without reference to Sectors. It does not specify the number and role of associations. The Registrar would determine registration.
(b) Membership of registered associations by individual co-operatives should be voluntary.	(b) Accepted.

RECOMMENDATION 18 (P.30)

Functions of a registered association should include:
(a) Promoting the development of its co-operative sector, including the management of sector specific development agencies;
(b) Establishing an education committee to facilitate the research, design and development of educational and training programs to suit the needs of the sector; and the use of appropriate, existing educational institutions and systems on a regioanl basis for the delivery of these programs;
(c) Co-ordinating and negotiating government funding and support for its sector;
(d) Advising and negotiating with the Government and the Victorian Co-operatives Council on its co-operative sector;
(e) Representing its co-operative sector on the Victorian Co-operatives Council if appointed by the Minister.
(f) Co-ordinating business consulting services for its co-operative sector;
(g) Encouraging and co-ordinating economic co-operation between co-operatives.

The proposals paper allows for members of associations to determine their own objectives.

RECOMMENDATION 19 (P.81)

(a) The Co-operative Federation of Victoria should be encouraged to change its structure and membership in order to provide a balanced representation of all co-operative sectors, and an overview of the co-operative movement as a whole.

(b) Further federations should be tertiary co-operatives with membership restricted to registered associations. They should be required to register under the Act, and registration should be determined by the Director of Co-operatives in consultation with the Victorian Co-operatives Council.

It is proposed that the registration of Federations be determined by the Registrar.

RECOMMENDATION 20 (P.32)

The functions of the Victorian Co-operatives Council should be as follows:
(a) Advise the Government on the promotion and development of co-operatives in Victoria;
(b) Assess the progress of the co-operative movement in Victoria;
(c) Develop strategies for the long term development of co-operatives;
(d) Advise on the impact of government activities on co-operative development;
(e) Assist the co-operative associations in resourcing their co-operative sectors;
(f) Advise the Minister and the Director on policy relating to:
(i) co-operative legislation review;
(ii) co-operative finance including grants, loans and guarantees;
(iii) co-operative economic, social and political factors;
(v) prudential regulation of co-operatives;
(vi) the impact of government legislation, regulations, policies and programs on co-operatives.

The functions of the V.C.C. are incorporated within the proposed Co-operatives Act.

RECOMMENDATION 21 (P.82)

(a) The membership of the Victorian Co-operatives Council should comprise the following:
- Representatives of government including the Director of Co-operatives
- Persons other than representatives of government, appointed by the Minister administering the Act, with qualification or expertise relevant to co-operatives
- Persons appointed by the Minister after consultation with the co-operative sectors or associations.

The Membership basis of the V.C.C. is incorporated within the proposed Co-operatives Act.

(b) In appointing representatives to the Council, the Minister should have due regard to the balance between large and small sectors, representation proportional to individual membership and the balance between sexes.

RECOMMENDATION 22 (P.84)

The functions of the Office of Co-operatives should be as follows:
(a) Co-ordination of co-operative development by government;
(b) Consulting government departments and assisting sector associations in liaison with these departments;
(c) Assisting in the development of autonomous sector associations as requested;
(d) Carrying out research and policy development as directed by the Minister and the Victorian Co-operatives Council;
(e) Secretarial support to the Victorian Co-operatives Council;(f) Provision of advice and counselling to both submitting and existing co-operatives;
(g) Provision of advice on government funding of co-operative sectors;
(II) Registration of co-operatives;
(i) Monitoring compliance with the Co-operatives Act.

These functions will be carried out by the Co-operatives and Societies Division in the Corporate Affairs Office.

RECOMMENDATION 23 (p.84)

The Office of Co-operatives should have a separate, shopfront location.

This recommendation will be considered when the new legislation is in place.

LEGISLATION

Policies

RECOMMENDATION 24 (P.86)

There should be a new Co-operatives Act in place of the present Co-operation Act which defines and protects co-operative identity and structures by incorporating co-operative philosophy; principles and practices within the legislation.

A new Co-operatives Act is in preparation.

RECOMMENDATION 25 (P.87)

The new Act should have the following objectives:

- To promote co-operative philosophy, principles, practices and objectives
- To protect the interests of co-operative members;
- To protect the interests of the public in the operations and activities of co-operatives;
- To enable an infrastructure for the co-operative sector consisting of primary co-operatives, associations and federations

Objectives are incorporated within the proposed Act.

RECOMMENDATION 26 (P.87)

The Co-operatives Act should be written in plain English and have a simple structure.

The Co-operatives Act will be written in plain English.

RECOMMENDATION 27 (P.87)

While a co-operative's rules must be consistent with the co-operative principles and the Act, the rules should permit diversity within and between sectors.

Consistency with co-operative principles and diversity will be encouraged by the new Co-operatives Act.

RECOMMENDATION 28 (P.88)

The legislation should encourage greater self regulation.

The proposed legislation will encourage greater self-regulation.

RECOMMENDATION 29 (P.89)	
(a) As a minimum means of identifying a co-operative, the legislation should recognise that members of primary co-operatives are to enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their co-operatives.	(a) The policy of equal rights of voting is accepted and included in the proposed act.
(b) In other than primary co-operatives, the administration should be conducted on a democratic basis in a suitable form and guidelines for this purpose should be developed by the Victorian Co-operatives Council.	(b) Accepted.
RECOMMENDATION 30 (P.90)	
(a) The Act should be written in full consultation with all the co-operative sectors, and where possible should be couched broadly enough to encourage all co-operatives to register or remain registered under it, but without dilution of basic principles.	(a) The co-operatives Proposals Paper is now out for consultation, when the draft bill is ready there will be further consultation.
(b) Transfer of registration from other legislation should not be compulsory.	(b) It is agreed that the transfer of registration should be voluntary in the short term.
(c) In view of the impending repeal of the Industrial and Provident Societies Act, the Victorian Co-operatives Council should hold discussions with the industrial and provident societies as soon as possible.	(c) The Co-operatives and Societies Division are holding discussions with Industrial and Provident Societies.
(d) Part IV of the Housing Act concerning rental housing co-operatives should betransferred to the new Co-operatives Act.	This has been recommended in the new Co-operatives Act and is under discussion with the Minister for Housing.

Strategies

RECOMMENDATION 31 (P.91)

(a) The following definition of a co-operative should be included in the Act: "A co-operative is a group of people who voluntarily come together on a basis of equality, self help and mutual aid, with the purpose of jointly promoting their socio-economic well-being in a democratic manner, while adhering to the six principls of co-operation incorporated within the Act."	A definition of a co-operative is included in the proposed Co-operative Act and will be included in the Credit Co-operatives Act.
(b) The word "co-operative" should be used as a noun and the former descriptive term "co-operative society" should no longer be used.	The word co-operative is being used as a noun in the proposed Co-operatives Act.

RECOMMENDATION 32 (P.91)

The following interpretation of the co-operative principles should be included in the Co-operatives Act.

there should be a requirement for substantial compliance with the principles as determined by the director of Co-operatives in consultation with the Victorian Co-operatives Council.

- Membership of a co-operative should be voluntary and available without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership as set out in the rules.

- Co-operatives are democratic organisations which embody and encourage membership control. The basis for this is equal rights of voting-one member, one vote. Democracy in co-operatives must be ongoing and participative. Their affairs should be administered ina manner agreed by the members and accountalbe to them.

- Share capital's primary objective is to serve a co-operative's activities, rather than provide a basis for individual return to members. Shareholders should receive a limited return on their capital, if any.

The International Co-operative Alliance principles of co-operation have been included in the proposed Co-operatives Act.

RECOMMENDATION 38 (P.97)

(a) The Act should enable a co-operative to buy backshares from inoperative members provided that at any one time it does not hold more than 5% of its paid up capital. Inoperative members should be defined as those not having had transactions with the co-operative for two years without the authority of the managing body of the co-operative.

This is dealt with in the proposed Co-operatives Act.

(b) In the case of worker co-operatives, it should be automatically provided that cessation of employment by the co-operative leads to cessation of membership.

This issue should be at the discretion of the individual co-operative and covered in their rules.

RECOMMENDATION 39 (P.98)

The Attorney-General should be requested to amend the definition of "co-operative" in the Companies (Victoria) Code in a similar fashion to that being considered for the new Co-operatives Act.

This matter is under review.

EDUCATION AND TRAINING

Policies

RECOMMENDATION 40 (P.102)

The role and importance of co-operative education and training in the development of a successful co-operative movement should be fully recognised and given high priority by the Government.

The Government should encourage the teaching in educational institutions of the philosophy and practice of co-operation.

The Government recognised the importance of co-operatives education and training. This recommendation is being referred to the Education Ministers.

RECOMMENDATION 41 (P.102)

MACC endorses the following recommendations of the report commissioned by it, "Democracy Through Education":

(a) A wide scope for co-operative education and training should be adopted, while ensuring that the content and presentation are underpinned with co-operative ideology;

(b) Different types of co-operatives should receive co-operative education and training targetted to their individual needs;

(c) Education and training should be available at a local and regional level.

(d) A body should be established to facilitate and co-ordinate co-operative education and training on a State-wide basis.

Further work is required on implementation of co-operative education and training proposals.

Strategies

RECOMMENDATION 42 (P.103)	
Each co-operative sector should establish an education and training committee to facilitate and co-ordinate the research and development of courses and programs, and the Government should provide financial support for these committees in the early stages.	Further work required on implementation of employment and training proposals.
RECOMMENDATION 43 (P.103)	
(a) The Victorian Co-operatives Council should establish a Co-operative Education and Training Authority (CETA) to co-ordinate co-operative education and training. Membership should be drawn from the VCC, sector education committees and include non-voting membership from relevant education institutions and the Victorian Education Department.	
(b) Establishment and interim funding of CETA should be provided by the Government.	
RECOMMENDATION 44 (P.104)	
(a) Funds should be provided by the Government to establish education committees and ensure curriculum development.	(a) The issue of curriculum development is being discussed with the Education Ministries.
(b) All co-operatives should pay a levy which contributes towards the provision of education and training.	(b) The issue of a co-operative education levy should be voluntary.
(c) The Victorian Co-operatives Council should set the levy, with Ministerial approval, from time to time.	(c) The role of the Victorian Co-operative Council in setting a levy has not been considered.

FINANCE

Policies

RECOMMENDATION 45 (P.106)

The Co-operative movement should be recognised as an independent movement and should be encouraged to be self funding as far as possible by means of member equity, greater retention of capital and increasing reserves.

The Government endorses self-funding as consistent with independence.

RECOMMENDATION 46 (P.108)

The Government and Victorian Co-operatives Council should encourage the credit co-operative movement to play a significant role in providing financial services to, and assisting with, the development of the broader co-operative movement.

The role of credit co-operatives in providing financial services is subject to the credit co-operatives.

RECOMMENDATION 47 (P.109)

Further financing facilities should be established to provide the co-operative movement with appropriate venture capital and wholesale loans.

Further consideration of this recommendation is necessary.

RECOMMENDATION 48 (P.111)

The Treasurer should be authorised to extend the government guarantee system to cover venture capital and wholesale loans for any type of co-operative. The appropriate conditions to ensure the proper use of this facility should be determined with the assistance of the Victorian Co-operatives Council.

The proposed extension of the government guarantee system requires further consideration.

Strategies

RECOMMENDATION 49 (P.111)

The minimum and maximum shareholding of a member in a co-operative should be determined in the rules of the individual co-operative.

The proposed Co-operatives Act provides for rules stipulating minimum and maximum shareholding.

RECOMMENDATION 50 (P.112)

There should be no cash distribution of surplus to members until an agreed minimim level of reserves has been accrued, as specified in a co-operative's rules, and approved by the Victorian Co-operatives Council.

The issue of attaining a minimum level of reserves before a cash distribution of surplus requires further consideration.

RECOMMENDATION 51 (P.113)	
(a) Co-operatives should be encouraged to bank with credit co-operatives.	Co-operative banking with credit co-operatives is a decision for individual co-operatives.
(b) Government funding of co-operatives should be directed, as much as possible, through the credit co-operative system.	This matter is under consideration.
(c) Legislative and policy restrictions which prevent community-based organisations in receipt of government funding from depositing those funds with credit co-operatives should be removed.	This will be considered under the proposed Credit Co-operative Act.
RECOMMENDATION 52 (P.113)	
Realistic, clearly identifiable common bonds for credit co-operatives should be retained with any requests for changes being considered by the Director of Co-operatives in consultation with the Credit Co-operatives Reserve Board.	The question of common bonds is subject to further consideration and consultation.

RECOMMENDATION 53 (P.114)

(a) The Victorian Co-operatives Council should as an early priority establish a working party to investigate the establishment of a wholesale financing facility for the co-operative movement.

This is endorsed. Preliminary work will be undertaken by the Co-operative Development Unit.

(b) Members of the working party should include representatives from credit co-operatives, co-operative companies, co-operative housing societies, the Co-operative Federation of Victoria, emerging co-operatives (worker, food and rental housing), and the Department of Management and Budget.

TRADE UNIONS

RECOMMENDATION 54 (P.118)

(a) The Victorian Co-operatives Council should support the establishment of a working party between the Victorian Trades Hall Council and the Worker Co-operative Working Party.

Discussions are to be initiated with the Trades Hall Council.

(b) The Office of Co-operatives should discuss with the Trades Hall Council the possibility of appointing a worker co-operative liaison officer.

There are currently no resources for funding a worker co-operative liaison officer.

TRANSITIONAL ARRANGEMENTS

Victorian Co-operatives Council

RECOMMENDATION 55 (P.119)

There should be an urgent amendment to th Co-operation Act, 1981, to replace the Co-operative Societies Advisory Council with the proposed Victorian Co-operatives Council.

This is not accepted. The VCC is incorporated within the proposed new Co-operative Act. In the meantime the MACC will continue.

Office of Co-operatives

RECOMMENDATION 56 (P.120)

(a) A Minister for Co-operatives should be immediately appointed.

This is not accepted.

(b) A separate, Office of Co-operatives should be established as a matter of urgency.

A separate division has been established within the Corporate Affairs Office.

Worker co-operatives

RECOMMENDATION 57 (P.121)

The four designated positions in the Co-operative Development Unit in the Department of Labour be immediately transferred to the General Co-operative Branch in the Registry of Co-operatives, preparatory to their inclusion within the proposed Co-operative Development Section of the Office of Co-operatives.

One position has been transferred from the Department of Labour to the Registry of Co-operatives.

RECOMMENDATION 58 (P.122)

(a) The Office of Co-operatives should auspice a Worker Co-operative Development Agency to be transferred as soon as possible and practicable to the Worker Co-operative Association. The Worker Co-operative Working Party should be recognised as the steering committee for the establishment of the Worker Co-operative Association.

This recommendation requires further consideration.

Recommendation 58 (cont'd.)

(b) Funding of worker co-operatives should be maintained at its current level of $1.4 million for 1986-87.

Further work is needed on funding sources for co-operatives.

(c) The development of worker co-operative education and training by Preston College of TAFE should continue in conjunction with worker co-operatives over the next 12 months at the current level of $100,000.

The Co-operative Development Unit will work with Preston TAFE in providing introductory workshops.

Food co-operatives

RECOMMENDATION 59 (P.123)

(a) In the interests of continuity, the current level of funding in real terms should be maintained for the Victorian Food Co-operative Study Group (VFCSG). The Government should, therefore, budget $80,000 for the VFCSG in 1986/87.

The issue of food co-operatives is under review.

(b) Funding of the VFCSG should be immediately transferred to the Registry of Co-operatives, Ministry of Housing, pending the establishment of the Office of Co-operatives.

(c) The VFCSG should be commissioned by the Office of Co-operatives to develop guidelines and a budget for the funding of individual food co-operatives.

RECOMMENDATION 61 (P.124)

The proposed research and development centre for food co-operatives should be funded from the social justice allocations in the State budget and initiated through the Office of Co-operatives.

The funding of the proposed food co-operative development centre is a matter for the Minister for the Social Justice Unit.

Common equity rental co-operatives

RECOMMENDATION 61 (P.125)

The Treasurer should extend government guarantees to cover loans raised by the Common Equity Housing Finance Co. Ltd. as soon as possible.

No longer necessary. Other arrangements are being put in place.

RECOMMENDATION 62 (P.125)

The Treasurer should agree to the removal of land tax, gift duty and stamp duty on property purchased for common equity rental co-operatives.

This has been referred to the Ministry of Housing and the Treasurer.

RECOMMENDATION 53. (P.114)

(a) The Victorian Co-operatives Council should as an early priority establish a working party to investigate the establishment of a wholesale financing facility for the co-operative movement.

This is endorsed. Preliminary work will be undertaken by the Co-operative Development Unit.

(b) Members of the working party should include representatives from credit co-operatives, co-operative companies, co-operative housing societies, the Co-operative Federation of Victoria, emerging co-operatives (worker, food and rental housing), and the Department of Management and Budget.

TRADE UNIONS

RECOMMENDATION 54 (P.118)

(a) The Victorian Co-operatives Council should support the establishment of a working party between the Victorian Trades Hall Council and the Worker Co-operative Working Party.

Discussions are to be initiated with the Trades Hall Council.

(b) The Office of Co-operatives should discuss with the Trades Hall Council the possibility of appointing a worker co-operative liaison officer.

There are currently no resources for funding a worker co-operative liaison officer.

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